From: Michael Pond
Sent: Friday, November 29, 2002 4:23 PM
To: Hadjy, Pandor
Subject: Comments on Implementation of Section 9006 Farm Security and Rural Investment Act of 2002

I have enclosed some comments regarding the Implementation of Section 9006 of the Farm Security and Rural Investment act of 2002. I recieved this notice internally and as a professional in the forestry field believe it is appropriate to provide some comments on the implementation of this program.

I live in a rural setting currently which struggles economicly and I have done the same in different locations in the United States. I am a small landowner as well with an interest in using renewable resouces for the benefit of conservation of nonrenewable resources. It seemed important to comment on this as I have watched many communities struggle with economic viability due to our downturn in use of some local renewable resources across the country.

The downturn is quite often not specifically because local communities do not wish to use their local resources, but due to different constiuienties from exterior communities challenging and hinding effective use of renewable resources in rural areas, for varied reasons...

(See attached file: Implementation of Section 9006.doc)

Sincerely, Michael L. Pond

November, 29, 2002

Subject: Comments
Rural Business-Cooperative Service, USDA
Topic, Rural Renewable Energy Systems

Enclosed are comments for the issues as they relate to Section 9006;

1. The financial assistance which could be provided to purchase renewable energy systems to make energy efficiency improvements in a local rural area should be directed at the common natural resources in the area that are renewable and or available resources in different locations.

Projects which might typical assist in reducing energy costs for local users as well as making more energy available in an area such as the Columbia River Gorge and surrounding area, could be a combination of using biomass from Forests to utilize wood energy and alternate low valued wood products. In such projects as supplementing manufacturing facilities with fuels reduction projects to produce power from the production of steam from burners. Combining the development of hydro projects on small streams and springs by use of gravity flow to generate power to individual rural landowners, ranchers and farmers or rural businesses' that might be able to combine the power to create manufacturing and milling facilities for wood products and or recreational camps and visitor centers to enhance local jobs and

improve the way of life for small communities. Combine the hydro projects with solar panels and possible distribution of these products to landowners and manufactures to reduce their energy costs. This objective would enhance the quantity of available current energy sources to assist other manufacturers or new manufacturers that require more energy, currently unavailable, which could be utilized in urban settings that do not have raw renewable resources available. Economically this could stimulate both rural and urban economies by the introduction of inexpensive methods to produce and also possibly to sell energy into the grid as well as create excess energy that could be sold to other markets. The caveat would be at least if we wish to pursue the use of renewable resources would be to modify the existing appeal structure on public lands federal and state the target on hydro power would be to utilize current non fish bearing streams in the northwest utilizing local labor forces and promoting small town entrepreneur opportunities.

I would prioritize these projects by areas that have available natural resources in the rural areas private landowners that have resources such as small streams and forest on their properties and then areas such as National and State forest and BLM properties. In terms of technology and preference the technology would have to utilize renewable resources to develop energy that could provide energy to land owners and also be used to develop industries that would or could utilize natural resources in the communities they are in. The energy surplus can be used via selling to current facilities and required to be purchased by those facilities to supplement and increase the current available energy.

This program could currently be tied together with the national Fire plan in reduction of fuels potentially by utilizing materials in local businesses. It would create a complimentary market for materials from the fuels program as well as development to potential new economic structures by new businesses utilizing the materials.

2. Direct financial assistance to purchase and develop and market the products would be essential. Developing also cooperative partners with the federal and state agencies administering programs and funds for the national Fuels reduction program would also be necessary.

Since most small landowners and ranchers and farmers have limited funds to embark on new enterprises, grant opportunities should be provided that the matching funds needed only be 10% of the grant secured by the following opportunity. The government would have the first right of refusal to purchase the technology for distribution from the individual or individuals and also if purchased would provide a guarantee to those individuals of 20 % return for the right to market the methods and technology nationwide or worldwide based on the savings produced in energy consumption. The cap on the grants would be $50,000.00 per grant with additional grants available to the same owner upon completion of each phase of development of the project, followed by guarantee to continue the grants for the agreed project in increments of $50,000.00.

A contract between the developer and the federal government would define the project and phases of completion and expected projects end product. Be that energy or creation of manufacturing facilities or jobs or a combination of all of the above

utilizing renewable resources or the development of facilities that enhance the use of renewable resources for manufacturing, energy or recreational products or activities.

3. If the department wishes to create innovation I would suggest that the department retain an opportunity to make judgments on the whole program in terms of will a project stimulate the use of future and potential renewable resources in a geographic rural area. Considering that combining a multitude of small projects in a community might substantially offset current energy demand in an area. If that were the case then the department should be able to conclude that a variety of small projects has reduced power consumption below the areas current rate of consumption from local sources then the audit is positive and the program should continue. The reason being that present facilities now can offer that energy or not have to produce it or can channel electricity to other areas that potentially might need the energy.
   I would also suggest that by the use of biomass and fuels reduction from private and federal and state lands and possibly National Parks the department has increased it's efficiency by lowering potential incidence of catastrophic conditions in forested areas that cost taxpayers excessive suppression costs during fire seasons in the United States.
   The loan or grant should also consider the amount of potential jobs that can be generated both in the local economy and non local economies from the utilization of renewable resources and also the cost of lost opportunity in determining total value of the loan amount.

4. Clarification of examples of particular types of costs for project should be provided as examples to clarify roughly the type of costs fro developing projects which would be applicable.
   Other funding sources might include public utilities BPA (Bonnievile Power Administration, TVA, (Tennessee Valley Authority), Municipal watersheds fro cities & counties. Cooperatives formed by individuals and small businesses.